

# shaping things to come

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"Experience will be forever breaking the pattern of 'ideal' systems repeatedly bringing us back to reality. Disciplined imagination and aspiration will be forever denying the finality of past experience, and will be forever recreating a pattern of what might be, corrected in the light of experience; a pattern that in some degree is different from anything that has existed."

Arthur E. Morgan 1954

#### SHAPING THINGS TO COME

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COMMUNITY SERVICE NEWSLETTER is published six times a year by Community Service, Inc. Our purpose is to promote the small community as a basic social institution involving organic units of economic, social and spiritual development.

# How to End Inflation and Have Full Employment

by Griscom Morgan

The following article, Prerequisite for Alternative Technology, was written four years ago, before the development of the present critical phase of inflation. It points out a procedure that could end the present inflation within months while creating full employment, but it was not written primarily with its relevance to the present scene of 1980. Some additional discussion of inflation is in order.

Inflation and the problems of unemployment and depression have cursed western civilizations for thousands of years. In the present crisis people are thinking to avoid runaway inflation by turning toward unemployment and depression or stop-gap wage and price controls to cure inflation. Increased unemployment is a sure way to accentuate racial conflict and aggravate the problems of minorities and youth. For every one percent increase in unemployment a congressional study revealed that the general public suffered a two percent increase in physical illness, a four percent increase in mental illness and criminal behavior, and almost a six percent increase in the rate of murder. Both unemployment and wage and price controls hobble the effective function of the market economy and accentuate bureaucratic controls. Increased unemployment is inexcusable when all of the available labor is needed to do the jobs crying to be done, as in child care and salvaging materials now grossly wasted.

To be free from the serious evils of either inflation or deflation it is necessary for the dollar to be made a constant value as measured by the cost of living and wholesale price indexes. The value of the dollar could be established by making it redeemable at a constant price level in a wide variety of resources such as even now both government and business must keep in reserve. Such reserves are required for backing the far larger amount of bank money that banks issue to borrowers. Wheat in the ever-normal grainery, strategic reserves of many metals and commodities, and so on could be used to give the dollar this insurance and stability. Gold would be one of many commodities in this guarantee -- at its own erratic market price. This is the procedure by which the dollar could immediately be made a stable value.

But to do this, a basic weakness of our present monetary system must be corrected.

Some economists think that inflation comes only from too much money being created. This idea results from the basic flaw in most people's understanding about money. Once we understand this flaw we can understand how the economy should be corrected.

The money of a stable and prosperous nation is greatly treasured over the world. For decades dollars have been gathered in and accumulated in other countries to be the monetary base for economic transactions or hoarded as reserves of wealth easier to deal with than the limited supply of gold. As these dollars flow out of the general circulation of the American economy they in effect disappear from the amount of money in circulation in America. In such ways the same amount of money that can be the base for drastic inflation, if many people feel money is insecure, can be the base for drastic deflation if people with unnecessary income decide not to spend and invest it. So the effect on prices of the amount of money in existence must be multiplied by the velocity of flow of money.

The erratic and capricious use of money throws our economy all haywire. As economist Alvin Hanson wrote of it, "It is this utter undependability of private capital outlays that makes the economic system so unstable." Oil sheiks or banks in other parts of the world can hold dollars at absolutely no cost as treasure which they can suddenly exchange for other currencies in case there is a loss of confidence in the value of the dollar. Under these circumstances, trying to juggle the amount of money in existence to keep the dollar stable is an inadequate way to keep the dollar from capsizing.

This instability of the dollar can be fully corrected and eliminated by making the holders of dollars pay the cost of storage of commodities serving as security for the value of the dollar. Currency is so essential to the economy that people prefer currency with moderate storage charges to owning and storing goods. If this is done, the amount of money in circulation would bear a reasonable relationship to the reserves and resources that are the dollar's secu-

rity and it will make unfeasible the hoarding of currency out of circulation with impunity and the ensuing inflationary hazard of it being flooded back into circulation. Then -- and only then -- is it feasible to guarantee the value of the dollar in real goods so that its value will be stable and secure regardless of how high the rate of employment, the crisis of wartime scarcity, or the price of gold. Only then is it feasible to balance the budget instead of having government spending to keep adequate employment.

This requires a fundamental change in monetary procedures, one entirely feasible today. The greatly overextended supply of United States currency can be allowed to remain hoardable with impunity but without guarantee of immediate redemption by initiating a new parallel form of currency as a medium of active exchange. This currency, based on the stable guaranteed value of the dollar, would incorporate a new feature -- that of its carrying a "demurrage" or storage charge for the goods that are its security -- perhaps from six to eight percent a year. The old currency would then tend to be a hoarded security.

An unhoardable money proved its value and effectiveness in pre-Columbian Central America. One of Cortez's associates in the Spanish invasion of Central America, Petrus Martyr, expressed it thus: "Oh blessed money...which prevents its possessors from yielding to infernal avarice, for it cannot be piled up or hoarded for a long time." Such a money system leads to far more active spending and investment, stable values, full employment and a different set of values in people's lives.

Under this monetary system, the supply of money would be varied by the forces of supply and de-

mand. The more scarce the goods, the less goods people would want to keep in reserve as security for currency, and vice versa. It is as simple as that. The consequence would be that the extremes of difference in people's incomes would be greatly reduced. The greatest problem, as many advocates of this monetary system have pointed out, is that the wealthy would turn to buying up land and making it scarce in order to profiteer in the ownership and control over natural resources. That problem was less conspicuous in our economy before inflation when artificial scarcity of money, the essential medium of exchange, so dominated the economy.

We do not have to wait for the Federal government to correct this problem. In its endeavor to stop inflation the government is seeking to make money artificially scarce and to make the interest rates high. This desperately impoverishes the rank and file people and the small community, as compared with the wealthy. The community can deal with this circumstance by creating an alternative scrip currency of its own that is both plentiful and secured by assets that can make it redeemable at a discount in dollars. The present rate of inflation of the dollar is sufficient stimulus to keep this scrip equated with the dollar in value actively circulating. Such an alternative currency system needs to have accompanying it a credit union in which people can put their surplus scrip to avoid inflation, from which the scrip is then loaned out at lower interest than is possible with scarce dollars. This keeps within the local economy an adequate and actively used medium of exchange that does much to recreate the strength of the local economy. In contrast, the faulty national currency flows out of the local economy, making it impossible for the local economy to carry on.



# Prerequisites for Appropriate Technology

by Griscom Morgan

A society, particularly a vital small community, is a complex organism which lives as a whole with many interrelated parts. Technology in healthy societies is accommodated into the function of the organism. A major objective in our concern for appropriate technology is to get the order of priorities and importance right. Technology, to be an effective servant to society and not its master, should be developed in close relation to the social organism. Violation of this principle pervades our society and technology. We run the hazard of repeating this reversal of priorities in our present preoccupation with appropriate technology; we can be so enamored and preoccupied with gadgets and the energy imperatives of the present and future that we will defeat our objectives.

The harm from narrow preoccupation with technologies can be seen at work in the deep concern over the population explosion. The obvious answer of a technology-centered culture is the development of the perfect contraceptive and selling it to the people who are having many children. With this preoccupation in mind, technicians have sometimes failed to relate to the societies they are presuming to serve. Thus in one project in India it was assumed that the people involved had many children because of contraceptives being unavailable. Deeper study showed that the reason people in the area had so many children was the scarcity of money to carry on economic life and survive economically, leading people to have enough children for some of them to work in the city and send money back to home and community.

Another case of failure in applying small scale technology within the context of a living society is also drawn from India, in the development of sanitary privies. The privy tops were a fine job of design and production in cast concrete, and were being widely distributed. Some time after the program was well under way it was discovered that the privy tops were not being used for privies, but were put in people's homes as status symbols, to be seen but not used.

Probably the most important factor in appropriate technology both in its impact and technologies on society as a whole is the monetary

system. Its effect is suggested in an analysis by John Collier we draw from the Newsletter of the Institute of Ethnic Affairs (November 1948):

A world-wide, urgent problem is that of the rural local community--the village community--in the modern world.

Can it become once more, what it was for aeons the richly flourishing home of its members? Can it thus become, while also uniting its members with the nation and the world? The future of India, of Indonesia, of Africa, of the Andean Highlands and Mexico, and of many other regions is bound up with the answer to this question. Research, experiment, and cautious yet intense social enterprise, are called for by the question. Tragically little of these is being supplied.

Dutch administrators and scholars have thought long and deeply upon this question. They generally assume, or conclude, that when money economy enters the village community, the genius of the community starts to die. The complexly organic unity falls apart, intra-village rivalry takes the place of mutual aid, social value perishes. But the scholars acknowledge that very little of wisely planned and sustained experimentation has yet been carried out.

The above quotation refers not to just any money system, for most human societies had money systems. It is the specific kind of money system that prevails in the capitalist world that destroys community vitalities and produces capitalism with its huge accumulations of wealth and power, which in turn bring in their wake the destruction of small communities, small economic enterprise and the human scale in technology and political forms.

A dangerous ignorance of underlying causes has for generations vitiated much of the effort to cope with many world-wide problems. This is similar to the circumstances of medicine before the discovery of the need for vitamin C in the diet. A wide variety of symptoms were evident, including atrophy of muscles, sterility, scurvy, and many others. Attention to the many symptoms could not correct the disease until the specific cause was isolated and identified.

Why have small scale, efficient and local forms of technology been displaced and destroyed all over the world? How can we reverse the trends toward huge scale impersonal power and technological monstrosities if we do not identify the causes of their taking over power?

Preoccupation with development of material technologies such as windmills, solar heat and house design will not save us, moralizing and proclaiming that "small is beautiful" does not make the small successful. Admiring primitive or Buddhist economics is not enough; why did they die?

It is seldom recognized that the monetary system is a dominating technology which colors and warps the function of all other technologies. It is this technology or system that makes unemployment necessary rather than all the work force sharing the burden of work that needs to be done. It forces a pace of competition that destroys the small, accentuates the large, stimulates early obsolescence of equipment and people; and it makes impractical the recycling, reclaiming and conservation of materials. Natural resources are thus exhausted by virtue of wasteful economic forces implicit in the technology of the current fiscal system.

For more than two hundred years in medieval Europe a different monetary technology prevailed that was largely free from the regressive forces we are concerned with today. This was a remarkable time of full employment without depressions, of guilds or workers' cooperatives rather than capitalist corporations; of cultural excellence in an order of small cities generally less than eight thousand in population. It was a highly developed and competent market system.

Within a century or so all this largely perished, and the curses that we have identified with the capitalist economic order took over, as earlier they had done in the Greek and Roman civilizations. Unemployment became widespread, huge accumulations of wealth began to destroy small local crafts and agriculture, population was forced off the land into the large metropolitan centers, and extremes of wealth and poverty became increasingly the rule. This characteristic of our economic and financial order progressively spread over the world. Like an apparently inevitable trend it has overwhelmed highly competent societies, with a wide range of technological competences from the very primitive to highly developed and efficient "intermediate" technologies. It was accepted as a historical

"law" which many people over the past two or three hundred years have vainly sought to reverse.

We have now identified the curse that caused these destructive forces in current and past economic and technological orders, proving that they are, like the symptoms of vitamin C deficiency, specific results of a hitherto unrecognized deficiency of the monetary system from which we can relieve ourselves if we but identify it.

The market, the system of complex exchanges of products of value, is crucial to any economic order other than a completely totalitarian or a completely primitive one. But the dominant economic theories of our time have not been able to explain why the market system does not function smoothly. Maynard Keynes describes why in writing: "Our criticism of the accepted classical theory of economics has consisted not so much in finding logical flaws in its analysis as in pointing out that its tacit assumptions are seldom or never satisfied, with the result that it cannot solve the economic problems of the actual world." And he points out the difficulty in understanding the problem "lies not in the new ideas" (of which he had just written "are extremely simple and should be obvious"), "but in escaping from the old ones, which ramify ...into every corner of our minds."

Marxism was a progressive line of thought dealing with this profound issue that was frozen in mid-course into an unprogressive dogmatic orthodoxy that resulted in Marxist movements converting private capitalism into a state capitalism impotent to move on into the objective of a decentralized society in which the community and social freedom were harmonized with technology and industry. Yet the issues Marxism raised and aimed to deal with are so crucial that this frozen ideology has been turned to by much of the world's population in default of there being better alternatives available. For Marxism dealt with an issue that cannot be evaded or dealt with by cooperatives or unions or by superficial reforms based on the old economic order.

Artificial and destructive scarcity is an intrinsic condition of a capitalist economy, making over-exploitation of natural resources, inflation and unemployment universal conditions with consequent debasement of human relations. This scarcity arises from identifying money with the characteristics of scarce precious

metals. In the market place where inefficient barter is the manner of exchange, the goods and labor necessary for life are directly traded. Such exchanges have not the characteristic of precious metals that they can be held out of circulation and exchange without loss or starvation. So artificial scarcity does not exist in a barter economy. Nor does it exist in an economy in which the money has the same basic characteristic as the goods that must be exchanged for living, that of being perishable. The monetary system of medieval Europe and of Central America at the same time were systems in which money could not be made scarce by hoarding, so they were systems of full employment and freedom from depression as long as those systems were in force. In the case of the Central American highly developed market system, the cocoa bean was the basic currency. Petrus Martyr, one of the early Spaniards who saw the effect of this technology on the economy, wrote: "Oh blessed money which not only gives to the human race a useful and delightful drink, but also prevents its possessors from yielding to infernal avarice, for it cannot be piled up, or hoarded for a long time." The equivalent form of money in its then contemporary successful social order in Europe was a currency which was periodically replaced at a fee for renewal at a time then called "renovatio monetarum."

The technology of artificially scarce money, hoardable like precious metals, causes falsification of all economic relationships and, in the long run, progressive inflation in all free economic societies. Maynard Keynes points out that "Interest today rewards no genuine sacrifice, any more than does the rent of land. The owner of capital can obtain interest because capital is scarce, just as the owner of land can obtain rent because land is scarce. But whilst there may be intrinsic reasons for the scarcity of land, there are no intrinsic reasons for the scarcity of capital." Money capital is scarce because, unlike the owners of other commodities, the capitalist can hold his money off the market without loss unless there is severe inflation. That is why a significant amount of inflation has been necessary to counteract severe unemployment. But it debases the wages of labor and disrupts the economy so severely that it must be minimized to achieve some degree of social order.

Thus the conventional money of our economy results in insufficient demand, which causes unemployment, misuse of resources, and concentra-

tion of economic wealth in the hands of those who control capital and receive its high interest. Maynard Keynes remarks of the result: "If effective demand is deficient, not only is the public scandal of wasted resources intolerable, but the individual enterpriser who seeks to bring these resources into action is operating with the odds loaded against him. The game of hazard which he plays is furnished with many zeros, so that the players as a whole will lose if they have the energy and hope to deal all the cards. But if effective demand is adequate, average skill and average good fortune will be enough."

Under the monetary system that yields capitalism the cards have been stacked, as Keynes shows, against all but the capitalist, and so the small enterpriser, the small community and the laborer have lost their shirts and the technologies that went with small holdings. Huge aggregations of capital can buy up the small, and huge capital holdings find it easier to use large technology and economic organizations, however inefficient they may ultimately be. The basic inefficiency of the giant technologies and industrial organizations was observed by T. H. Quinn, when he was senior vice president of General Electric Corporation. He quit General Electric and developed an association of small firms to compete with their greater efficiency, against giant business. The power that defeated his endeavor came from the control of dominant financial capital over the economy. He wrote of this in his I Quit Monster Business, and its sequel Giant Business: Threat to Democracy.

Once a strongly committed and qualified group of people see the nature of the problem they can take effective action to solve it even on a small scale. We have described in Community Service publications The Community's Need for an Economy and Community Policy and Initiative a significant number of examples where this has been done. An Austrian town, the First National Bank in Clarksville, Tennessee, a group of Chicago businessmen, the State of Arkansas, the Amish farmers, are all examples of such endeavor.

This line of thought is equally relevant to some of the other critical issues of our present world. The present conflict between the "free" and totalitarian societies of the world had its origin in the same underlying economic problem. Again to quote Maynard Keynes: "The authoritarian state systems of today seem to solve the problem of unemployment at the expense of efficiency and freedom. It



is certain that the world will not much longer tolerate the unemployment which, apart from brief intervals of excitement, is associated -- and, in my opinion, inevitably associated -- with present day capitalistic individualism. But it may be possible by a right analysis of the problem to cure the disease whilst preserving efficiency and freedom."

Keynes goes on to point out the relevance of this to the world order of peace: "If nations can learn to provide themselves with full employment by their domestic policy (and, we must add if they can also attain equilibrium in the trend of their population), there need be no important economic forces to set the interest of one country against that of its neighbors. ...there would no longer be a pressing motive why one country need force its wares on another or repulse the offerings of its neighbor... so as to develop a balance of trade in its own favor. International trade would cease to be what it is, namely a desperate expedient to maintain employment at home by forcing sales on foreign markets and restricting purchases, which, if successful, will merely shift the problem of unemployment to the neighbor which is worsted in the struggle, but a willing and unimpeded exchange of goods and services in conditions of mutual advantage."

This objective that Keynes writes of between nations applies also between communities and economic organizations. Its bearing on the role of intermediate technologies of the local community and region are equally relevant.

There are a number of ways by which the nation could operate a new currency system that would be free from inflation, deflation or unemployment. In his book How To Save Free Enterprise Arthur Dahlberg has outlined one technique based on alteration of the system of bank money. We will here briefly describe a procedure that was found to work in the United Trade Dollar Exchange of Chicago over a period of years until it was forced to discontinue because of rationing at the beginning of the second world war, to which we would add the benefits of the ancient Central American cocoa bean money.

The Chicago exchange found that paper money requires backing or security of real value into which people could redeem their money if they desired. On a national scale this feature could be achieved without the harmful effects of giving money the hoardable characteristics of precious metals by having it convertible into a

wide variety of goods at their market price. The federal government's program of stockpiling strategic and essential materials such as grain and petroleum against a time of national emergency could be used as security for the national currency. That stockpiling program was partially dismantled by the Nixon administration because of the cost of maintaining goods in storage. It could be reinstated, with these reserves, including some gold, serving as security for the national currency. The cost of storage of those goods would be offset by a progressive reduction in the face value of the currency, like that in medieval Europe, by one percent in value each one, two or three months. John Maynard Keynes observed that the amount of decline in currency value would have to be determined by experience. The currency would be replaced at the end of the year with a new issue.

There would be no inflation or deflation because the value of the dollar as contrasted with the value of each piece of paper currency would be constant, stabilized in terms of a wide variety of commodities. The amount of currency in circulation would be controlled by supply and demand. The less the monthly decline in currency value, the more people would prefer to hold currency as contrasted with holding goods, and vice versa. Bank money in check accounts and credit cards constitutes by far the largest part of our monetary system. Since it takes its characteristics and value from the currency upon which it is based, it would largely take care of itself in terms of the new character of currency.

The transition from the present situation of having great quantities of money held as reserves and securities in this country and overseas would cause drastic inflation if all of it were suddenly made subject to "demurrage tax" depreciation. Many of its owners would want to exchange it right away for commodities. It could be left untaxed as the equivalent of non-interest bearing government securities for people to hoard, and only that amount of the nation's money would be made subject to the depreciation tax as was needed to keep adequate currency in circulation.

Books dealing with the economic and monetary theory and practice we have outlined here largely date from the work of Silvio Gesell, the first person to discover the principle. John Maynard Keynes ranked Gesell with Malthus in the importance of his work, Einstein expressed "delight" with it, and H. G. Wells considered it of



major importance. Among many books on the subject the following are noteworthy:

Arthur O. Dahlberg, How to Save Free Enterprise. Analysis of Recovery Plans, TNEC monograph.

Maynard Keynes, General Theory of Employment Interest and Money.

Silvio Gesell, The Natural Economic Order.

## The Role of the Entrepreneur in Shaping Things to Come

by Ernest Morgan

The shape of things to come will be largely influenced by the perceptions of reality which we hold, and of the ways in which our individual selves relate to that reality. It is this which mainly determines our patterns of value and our social and economic habits.

If we see our individual selves as apart from reality -- especially social reality and the reality of nature -- then we will perceive of reality in a sort of adversary relationship, something to be contended with and overcome.

If, on the other hand, we perceive of reality as an organic whole and ourselves as important, responsible parts of that reality, then quite a different set of values and habits are likely to emerge. Unfortunately the greater portion of our society tends to hold the individual-versus-reality perception.

Take conventional business enterprise, for example. The business or professional person who is able to manipulate the resources of society in such a way as to get more than his or her share is not put in jail or even ostracized. On the contrary, he or she is regarded as a "success" and is accorded special honor and respect. Such people commonly display their "success" by living in expensive homes, surrounding themselves with luxuries and driving costly automobiles.

It is good to have a comfortable house, economic security and the resources to educate one's children. But to pile up wealth for the sake of power and prestige and ostentation and as an end in itself is a perversion. Such a value pattern must lead to conflict, poverty, and the exhaustion of the earth.

For me, as a business man, this poses a dilemma. The business with which I am associated needs capital with which to grow, to improve its products and increase its productivity and its ability to pay good wages. To generate this

capital we can and do set our prices high enough to generate substantial earnings over and above wages and other expenses. By skillful management we are able to extract the needed capital from society.

I have no quarrel with that process. What makes me uncomfortable is the prevalent business concept that, having requisitioned this capital from society, it is now mine and should yield additional income for me, again at the expense of the public and the employees. I'm reminded of Oscar Ameringer's wisecrack, "Capital is what labor earned, never got, and still owes."

It is often said that the purpose of a business is to make money, and most businesses are operated on this philosophy. Unfortunately this philosophy is, in the long run, a destructive one. The proper purpose of a business is to serve human needs. The making of money is not its purpose but a measure of its health, just as in the human body a normal pulse and temperature are necessary to health but are not the purpose of life. A business which makes money in harmful ways or by selfishly inflating human needs is perverting the proper ideals of business. Likewise, a business which, at the expense of its workers and customers, generates profits beyond its appropriate capital needs, is exploitive.

Such ideas tend, I realize, to be heresy in the western business world. One might get the impression that I regard American business as essentially piratical in its ideals and aims, giving the greatest honor and reward to the most successful exploiters. That impression is correct.

It is all very well, my critics will say, to dream of a society motivated by ideals of human solidarity and sensitivity to nature, but we live in a real world, run by practical people, and must conduct ourselves accordingly if we wish to survive -- let alone be effective.

I say it is the "practical" people who are living in a dream world in which effects do not follow causes. It is the "practical" people with their rampant individualism, their inflated life styles and their lack of wholesome social philosophy that are exhausting the earth, widening the gap between rich and poor, and developing a violently unstable economy. It is they who can say, with Louis XIV, "After us, the deluge." One would think these "practical" people hated their grandchildren and utterly despised their great-grandchildren.

But what are we to do who desire a society in which social and spiritual values are prevalent? Do we shun the rough-and-tumble of business and politics? Do we crawl in a hole somewhere? Not at all.

The challenge is a difficult one, often fraught with contradictions. A sense of humor is vital. But there is much we can do. We can pursue a simple life style which not only helps affirm our values but greatly increases our freedom of choice and action. "Pyramid climbing" and "keeping up with the Joneses" are luxuries which take a heavy toll and which we can't afford if we want time, energy and resources for building a better society.

Given simple habits, we can be more choosy about our work and less addicted to "security." We can avoid building walls around ourselves. We can go a long way toward freeing ourselves from exploitation by others and from exploiting others. We can be free to use more of our energy and material resources in carrying forward our concerns.

Gandhi grappled with this problem and made a valuable suggestion, that those who manage private enterprise do so in a spirit of trusteeship. There is no doubt that many, if not most, owners of private business do consider themselves at least in part as "trustees." How well developed this motive is, and the degree to which it may be a rationalization of privilege can be measured at least in part by the life styles of those who profess it.

My own career of 50 years as a business entrepreneur was motivated in large part by my desire for freedom to pursue my personal and social ideals. Being a "capitalist" put me in a stronger position to be a Socialist. Curiously, the philosophy behind the business contributed to its survival and growth. Had I not been infected with insurgent ideas, I would

have become an executive in a large business rather than an entrepreneur in a small one.

For half a century that little business was a laboratory of social and economic experimentation, sometimes strikingly successful, other times not. One of the potentially most significant developments is only now taking place, with leadership from the second generation. At its February, 1980, Board Meeting, the company adopted an Employee Stock Ownership Plan whereby a large part of company earnings will be held in trust for the employees in the form of common stock which will accumulate to provide income for their retirement. As set up by our company this could have three important results:

1. It sharply reduces the Federal income tax and channels more money back into working capital; 2. assuming the continued prosperity of the business, it will create respectable retirement incomes for the employees; 3. it reduces the proportion of ownership held by the original owners and greatly reduces the chance of the business being sold to a larger company.

An Employee Stock Ownership Plan is just one of the many ways in which we can experiment in economic life. It is certainly no panacea for curing all of the nation's economic ills, but it is a healthy development, even when carried out by firms that are only interested in the financial benefits. The government recognizes the validity of this development and has created tax advantages to encourage it.

Among other needed developments, one of the most basic is the propagation of a healthy social philosophy. Likewise, the refinement of public administration is needed so that some parts of our economic structure can be efficiently socialized. Monetary policies such as those put forward by Arthur Dahlberg could be extremely helpful.

There is a naive and widely held notion that "idealists" who are motivated by a sense of social solidarity and try to live accordingly are somehow being "generous" or even sacrificial. On the contrary, it is the individualist whose motives are centered on his or her own gain who is lonely and unfulfilled and whose "success" proves hollow and illusory. It is the person who conceives of himself or herself as a responsible, creative part of humanity and of nature for whom the springs never run dry.

# Changes in the American Countryside

by G. B. Gunlogson

The impact of advancing technology and enterprise on food supply, environment and living conditions in America in the last 30 or 40 years has been far reaching. It is now opening up a new phase of development in America.

This century began with the automotive age and a new mode of transportation. About forty years ago the application of mechanical power in American agriculture became general. Then came the era of chemistry which affected agriculture and contributed enormously to the growth and centralization of industry in the big cities. Today farmers in the United States produce three times as much per man-hour of work as in 1950, and nearly seven times as much as in 1930.

This dynamic technology helped set in motion a widespread migration of people from the country to the big cities. Thousands of country towns began a decline, and countless numbers of families left their homes. Farming, by itself, no longer provided the tax base or population to support public services and the economic opportunities necessary to maintain the towns. The man-hours had moved into the cities. In 1940 the farm population was about 30 million or 23 percent of the nation's total, and in 1977 the estimate was 7.8 million or only 3.6 percent.

Now, about 140 million of the nation's population live within pinpoint areas, equivalent to less than two percent of the country's total dimension. This irresistible sweep toward high density centers resulted in growing economic and social contradictions. Nearly all the large cities grew around manufacturing industries. When the cities became overcrowded the factories began to seek more suitable environment in suburbs and in distant places. As the job base diminished, ugly slums began to proliferate in the shadows of towering skyscrapers. Unemployment, hostility and human inefficiency have become alarming symptoms of this concentration.

## A NEW KIND OF COUNTRY BEGAN TO BE BUILT

To hold the country together and keep the nation's economy functioning required the building of a vast system of highways, power lines and public facilities across America. It is on this foundation that new kinds of country communities are now being developed.

There has been enormous upgrading in the underlying foundation of the country. There are three million miles of hard-surfaced roads criss-crossing the country and reaching into every town. Electric power and gas are available nearly everywhere. Telephone, radio, television, home appliances and one or two automobiles are in nearly every home. Consolidated schools, church and cultural activities in town, and improved health facilities are symbolic of the social changes that are now emerging.

All this is now stimulating economic diversification and new enterprises to supplement the land economy. This bringing together of the towns and the country has a great promise for the future. The towns become the gateways to all of our land resources and farms. They are the centers of trade, education, health and cultural facilities and future opportunities all across America.

Towns, which previously had lacked living amenities are now becoming attractive for new enterprises and homes. Most of what once was rural has become modernized and restructured into a new kind of town and country economy.

This countryside economy is highly varied and the inter-relationships between town and country are only beginning to be developed. For example, nearly half of all farm families derive more than half of their cash income from off-farm sources. In most cases the market for various farm products in the vicinity of good towns is improved. As this Town and Country economy evolves, it will stimulate innovation and the kind of technology and enterprise most suitable to the particular resources and conditions in different localities.

## THE AMERICAN COUNTRYSIDE IS A VAST ECONOMIC EMPIRE IN ITSELF

The world demand on resources to meet the needs of people everywhere has grown on an enormous scale. The American Countryside is the most richly endowed area on earth in productiveness, natural resources and living amenities.

It has become a magnet for outside speculators. Absentee ownership of land is increasing, and foreign interests are beginning to buy into

this land of promise. All these trends may not be consistent with the best interests of local communities or the countryside as a whole.

This is a complex economy which depends on close relationships between the communities and their natural resources, and a new sense of trusteeship among country people. All these country towns and small cities, the millions of small businesses, farmers, local institutions, green meadows and scenic valleys form an interrelated living system.

The countryside is more than a provider of food for a hungry world. It is a vital complex of natural resources, enterprises, services and community centers. It provides the nation with security, and a haven of survival in a hostile world. The big cities are supported by vital roots that extend into every part of this countryside.

#### COUNTRY TOWNS ARE NOW AT NEW CROSSROADS....THEY HAVE MUCH TO GAIN OR LOSE

More people are now looking toward living in the countryside than ever before. Nearly every survey that has been made in recent years including studies among students in large universities, interviews with people in the streets, a nationwide Gallup Poll --- they all show that about two-thirds of those interviewed would rather live in small cities or the countryside, if they had a choice. Every town must respond, in one way or another, to these changing circumstances and attitudes.

The Illinois Department of Commerce and Community Affairs has just written: "We have become increasingly aware of the trends you have pointed out - the migration of rural people in previous decades out of the countryside, and now the renewed interest in country life."

A few years ago the Secretary of the Department of Business Development in Wisconsin wrote, "Industry is moving to smaller towns at a disproportionately high rate as reported in the research report enclosed. I have had a lot to do with many of these places...they are attractive to industry and are doing very well. Of course, it is going to take quite a few years for the imbalance to be fully corrected."

A recent report from the Iowa State Office for Planning reveals that "small towns in Iowa suddenly are gaining in population while the population of larger cities is declining." Similar developments are going on in nearly

every state. Several factors are influencing this trend. Clearly the people who live and whose main interests are in country towns, on farms and in the countryside, have an enormous stake in these developments.

#### SMALL BUSINESS HAS A UNIQUE ROLE IN REVITALIZING COUNTRY TOWNS

Small business suffered in the exodus from the country, but the survivors and later generations now see a new day coming. This business has been remarkably resourceful in helping to diversify the economy, improve the quality of the towns and revitalize their communities. Many of these have become model country towns and small cities. Another inevitable trend has been decentralization in the manufacturing industry which has been bringing branch plants to many towns.

Thus we are just beginning to open up new frontiers in this vast body of America which embraces about 98 percent of the land area and natural resources in the nation. It includes about 16,000 towns and small cities up to 15,000 in population, and some larger when they are interrelated with the land economy. About 70 million people, or somewhat less than a third of the nation's population live here, and most of them in these towns. And yet nearly half of all professional people and corporation executives in the United States, and six of the last nine Presidents have come from the countryside. Some colleges are now introducing courses of study relating to the new changes and forces now at work in the countryside.

#### A STRONGER VOICE IN THE COUNTRYSIDE IS PROPOSED

The kind of countryside we have in the future will depend on the understanding and leadership of its communities. Many of their people have expressed the need for a NATIONAL ASSOCIATION in which the thousands of towns and small cities scattered across the United States might participate to advance their local interests, and combine their capabilities to build a better countryside and contribute more effectively to the nation's stability and culture.

There are now a number of organizations, identified in one way or another with country interests, who feel that the countryside needs a more united voice -- an organization that would be a part of local and regional groups -- business, civic, religious. And one that would cooperate with government bodies, state development agencies and business in general.

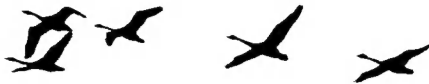
AMONG THE PROPOSED OBJECTIVES OF THIS ASSOCIATION WOULD BE:

- To serve local communities as a clearing house for ideas and information.
- To help evaluate the resources and opportunities in the countryside on the local and national level.
- To help motivate and to assist in developing a plan of action for community self-help and to stimulate innovation and enterpreneuring.
- To explore ways and means for improving farm incomes....To help harmonize local interests -- farming, industry, commerce, civic, church and cultural.
- To improve the public image of the country town and the country as a desirable location for business, as a friendly place to live, and a sound place for capital.
- To protect the countryside and small towns from exploitation by outside interests.

THE COUNTRYSIDE DEVELOPMENT FOUNDATION

My involvement in the countryside movement began shortly after World War II. I became convinced that a more rational population and economic balance between the big industrial centers and the rest of the country would help to solve some of the problems which were becoming increasingly ominous at the time. I started out by visiting more than 500 country towns in some 20 states and sponsoring various studies and activities. To facilitate these activities, the COUNTRYSIDE DEVELOPMENT FOUNDATION, INC. was established. Since 1958 its studies and reports have appeared in some 1800 newspapers and other periodicals, and about 40 leaflets and booklets have been published.

Over the years these countryside activities have reached a wide sector of industry and a number of groups and communities. As these efforts have come to bear fruit, it has become of increasing concern to many that there has been so little coordination in these various efforts, and that country people themselves have not had an established channel for their input and guidance. Therefore, I have thought that whatever support I can offer should go toward establishing a national association which would be largely made up and directed by country people whose vested interests are mainly in the countryside and its future. At the same time participation of industry and business in this movement is essential.



## Book Review

by Nancy Delach

THE UNSETTLING OF AMERICA by Wendell Berry  
Available from Community Service for \$4.95 plus 50¢ postage.

"It is characteristic of our present society that one does not think to improve oneself by becoming better at what one is doing or by assuming some measure of public responsibility in order to improve local conditions; one thinks to improve oneself by becoming different, by 'moving up' to a 'place of higher consideration.'"

In this statement from The Unsettling of America Wendell Berry points out the attitudes of exploitation and self-centeredness that are present in today's society. The root of these attitudes seems to be in an unwholeness, even unholliness in Berry's words, of people. We have become separated from the land and thus from our wholeness. This separation of the workplace and the household, and in the division of nurturing and production roles.

The original household was set on a farm according to Berry. Thus agricultural people were whole because their homes and livelihoods were interrelated; production and reproduction (nurturing) were one. The mechanization of agriculture has resulted in efficiency replacing caring about one's work, materials, and products.

Berry attacks industry for corrupting agriculture into agribusiness. The result has been displaced farmers and farmhands, destruction of farmland through exploitive farming practices, and a poorer quality of food. "It is one of the miracles of science and hygiene that the germs that used to be in our food have been replaced by poisons."

What does this mean for the community? A population of dissatisfied people trying to find happiness through consumption or through "moving up." The latter "tends to involve movement that is both social and geographic. The unsettling at once of population and of values is virtually required by the only generally acceptable forms of aspiration." There can be no unity where the population is constantly shifting.

The divisions, frequent changes, and competition that Berry cites as causes for our un-

settlement all contribute to the deterioration of the community. Berry recommends specific solutions that would re-establish people's closeness to the land, mend the divisions between nurturance and production, and empower the individual and the small farmer to allow their survival alongside big business.

One of Berry's twelve proposed solutions is to review all food sanitation laws and to revise them so that the small producer can survive. "Sanitation laws have almost invariably worked against the small producer, destroying his market or prohibitively increasing the cost of production."

The Unsettling of America describes these problems in detail and traces their sources using social, historical, and literary examples. Berry's ability to view the macrocosm and all the interrelationships of agriculture, industry, and society creates both fascinating and lengthy reading.

This book is recommended reading for any person, for the choices that are made both personally and governmentally this coming year will affect every individual's wholeness and health. Although Mr. Berry's main interest is in agriculture, his knowledge includes many facets of our society. Therefore The Unsettling of America will be of interest to a variety of readers: college educators, business people, unemployed and displaced people, even developing nations. Hopefully Berry's book will accelerate people's re-discovery of their ties with the land so that future choices for self-improvement will benefit people, their lives, and the land.



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Griscom Morgan, Nancy Delach, Jane Folmer, and Jane Morgan, editor.



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ON RELEVANT SUBJECTS

The following books are available from Community Service, Inc. for list price plus 10% postage and handling, 75¢ minimum, prepaid orders only.

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Local community economics are of national as well as local importance. Our monetary system and economic assumptions contribute to the disintegration of community economy. Suggestions on ways to change the system in order to foster local economies.

THE SIMPLICITY OF ECONOMIC REALITY by Griscom Morgan \$1.50  
Non-inflationary full employment by a taxed currency. Historical evidence and theory. Reveals economic forces that today, as in past civilizations, destroy social health.

THE COMMUNITY IN ECONOMIC PIONEERING by Community Service Staff \$1.00  
A new economic order will require new skills and attitudes. How this is being approached in a ghetto of Akron, Ohio.

COMMUNITY POLICY AND INITIATIVE ed. by Griscom Morgan \$1.00  
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